

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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**April 6, 2004**

**FROM:** Patrick J. Mead, Interim Director  
Department of Public Works - **Solid Waste Management Division**

**SUBJECT: STANDBY LETTER OF CREDIT FOR THE SAN GABRIEL VALLEY WATER  
COMPANY**

**RECOMMENDATION:** Authorize the Division Manager of the Solid Waste Management Division (SWMD) to sign and deliver to the Bank of America any documents necessary, including an application, for Amendment to Standby Letter of Credit for the San Gabriel Valley Water Company (SGVWC) in the amount of \$435,000 for the period of July 1, 2004 to June 30, 2005.

**BACKGROUND INFORMATION:** On November 10, 1998, the Board of Supervisors approved Agreement 98-947 with the SGVWC to settle claims that leachate from the Mid-Valley Landfill had impacted its drinking water wells. Subsequently, the County funded the design and construction of a water treatment facility near the Mid-Valley Landfill, with ongoing operations and maintenance costs to be paid for by the County. Provision 10(a) of the agreement requires that each year the County post a letter of credit for 125% of that year's operations costs to assure SGVWC of payment in the event of a dispute over operations issues. SGVWC has submitted an operations cost of \$348,000 for the period of July 1, 2004 to June 30, 2005 and, accordingly, the amount of the County's letter of credit needs to be \$435,000. SWMD staff has reviewed the operations cost estimate of SGVWC and has determined that it is reasonable. SGVWC submitted an operations cost of \$384,720 for the period of July 1, 2003 to June 30, 2004, and the letter of credit for that period of time was \$480,900. This is the second straight year in which there has been a decrease in the estimated annual operations costs and thereby a decrease in the required Standby Letter of Credit.

Approval of this item will authorize the SWMD Division Manager to sign and deliver to the Bank of America all appropriate documents necessary to obtain the required Standby Letter of Credit for and during the period of July 1, 2004 to June 30, 2005 in an amount not to exceed \$435,000.

**REVIEW AND APPROVAL BY OTHERS:** This item was reviewed by Deputy County Counsel Robert L. Jocks, 387-5435, on March 17, 2004 and the County Administrative Office (Tom Forster, Administrative Analyst, 387-4635) on March 25, 2004.

**FINANCIAL IMPACT:** This action will have no impact on the General Fund. Fees related to the Letter of Credit will be approximately \$4,800 and are contained in the SWMD's Fiscal Year 2003/2004 Budget - Fund: EAA Dept: SWM Org: SWM Appr: 200 Obj: 2427.

Record of Action of the Board of Supervisors

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**STANDBY LETTER OF CREDIT FOR THE SAN GABRIEL VALLEY WATER COMPANY**

April 6, 2004

Page 2 of 2

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**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item and concurs with the Department's proposal because the County has a contractual obligation to provide the Standby Letter of Credit per Agreement 98-947.

**SUPERVISORIAL DISTRICT(S):** All

**PRESENTER:** Peter H. Wulfman, 386-8703

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